[Picture of Freeholders]

Good evening! As the Chairman of the Finance Committee it is my responsibility to present the completed budget to the entire Board of Chosen Freeholders. This budget process was particularly long and tenuous as we completed a modified zero-based budget review, as well as having to deal with the changes to the process that was mandated by the State. However, while we faced challenges with this budget, I am proud to report that through teamwork, persistence, and innovation- we are able to introduce this evening a budget that is fiscally responsible to the needs and expectations of our residents, as well as maintaining the services that our residents rely upon.

[Chart of Tax Rate Over Time]

This budget has the lowest spending increase in over 7 years, even in the midst of the astronomically high costs of insurance, fuel, and other fixed costs. Additionally, we are able to lower the tax rate by an additional penny, which amounts to \$540,000 less being generated through taxes. Throughout this administrations tenure we have been able to lower the tax rate by millions of dollars, amounting to eight cents.

[Salem County Government]

The old adage is that "A journey of a thousand miles begins with one step." This administration of the Freeholder Board has taken giant strides in bringing fiscal responsibility to County government by lowering the tax rate, consolidating resources, sharing services, and ensuring compliance to State and Federal mandates, as well as our ultimate responsibility to the people who elected us. While we have come so far, there is so much more to do. The problems that we face were not created overnight and they will not be able to be fixed overnight. However, we believe that through hard work and sacrifice we can transform

County government into a streamlined fiscally responsible engine for economic growth, social services, and public safety.

[Listing of 5-8 Departments Cuttings Costs]

Freeholder Director Ware has said it many times that we are not interested in big or small government arguments, rather we want to have an effective government. Effective government needs to be responsible to the needs of its constituents, prudent with fiscal resources, and innovative in planning for the future.

Our County departments have demonstrated that they know how to stretch a dollar and this year's budget will test their resourcefulness even more. Many departments introduced budgets to us with no spending increase, and now they are finding that their budgets are less than what they proposed. Our residents have demanded that we cut spending, and I said that we would take the bull by the horns, and that is what we did. Working in a bi-partisan fashion, we dramatically reduced many of the operational line items.

[Surplus Over Time]

The County surplus is healthy, but not exorbitant. This year we used \$8 million of the \$16.8 million surplus. Surplus is created when we bring in more revenue than we anticipated and used less money than expected. The resourcefulness of our County departments and economic development initiatives has given us this surplus, but we need to be mindful of what we use to balance the budget. Therefore, the Freeholders are only using the amount of surplus that we can anticipate putting back next year. Additionally, a surplus is needed in order to account for unexpected emergencies that may arise from time to time.

[Property Tax Average Residential Assessment Chart]

While we have been able to lower the tax rate by another penny, we know and acknowledge that taxes for individual homeowners will not go down. The Freeholders only have the power to control the tax rate and spending. In New Jersey, the way we fund government is inherently dysfunctional. As your property values go up—your taxes will go up—even if the tax rate goes down. However, if we did not lower the tax rate, your taxes would go up even more. We continue to urge our legislators and the governor to fix this broken system so that the people of New Jersey and Salem County receive the tax relief that they need and deserve.

[Strategic Planning Quote from Kathleen Pereles]

While the taxation system is fundamentally flawed and beyond local governments control—what is in our control is strategically planning for our future so that we can consolidate and streamline government functions and expenditures. Our business community has known for years the value of strategic planning to meeting organizational objectives without breaking the bank. Following their lead, the Freeholders, along with our County departments, have embarked upon a strategic planning initiative to develop a comprehensive three-year road map for progress and prosperity. This summer, our Department Heads will be developing their plans and submitting them to the Freeholders for their review in the fall. Properly completed plans will be required for budget submissions to be processed. We are serious about planning because we believe there is no other way to remain viable in this changing climate.

Dr. Kathleen Pereles has been our facilitator on this process and this is what she said about our initiative:

"The Salem County Freeholder Board has demonstrated that they are forward-thinking by engaging themselves and their departments in the strategic planning process. If more government entities followed their lead,

our governments would be more efficient and our society would be much better off. After having worked with the Board, I can say without reservation that the residents of Salem County are fortunate in having such a unified and committed group of individuals to represent them."

[Budget Development Chart...before Freeholder Hearings, add Finance Committee Hearings with Departments]

This year we welcomed our two junior Freeholders to serve on the Finance Committee: Freeholders Hogan and Acton. Together, we worked on this budget, together we made tough choices, and together we agreed that this is a fair budget. Throughout the departmental meetings, budget meetings, and freeholder meetings- we worked together. I am proud to say, as a former member of the minority party, that we were transparent and inclusive and I do not recall any major issue that would prevent this budget from being adopted with a 7-0 vote.

[Chart of Insurance, Health Care, Public Safety Costs]

Spending is a two-headed beast: operational and salaries. Our salaries and fringe benefits are governed by collective bargaining agreements that are set to expire this year, and so they are currently beyond our means of controlling. However, this year's rounds of negotiations will reflect the tough economic times that this country and county are going through.

One of the growing line-items is our Sheriff's Department and Correctional Facility. Specifically within the Correctional Facility, they are faced with 24-hour operations and forced overtime. This year's budget addresses these problems in a prudent and measured fashion.

This year we adopted a new budget process with our constitutional officers since they are their own appointing authority. Rather than dictating what they can or cannot have, we have given them a lump sum of money and have instructed them to report to us, the funding agent, how they want the money allocated between operational and salary line items.

[Chart of Tax Rate Over Time]

This is my last budget as a Freeholder and I am proud of the process and proud of the result. This Board has a mandate to keep Salem County on the right path and this budget accomplishes it. Together, we need to work to keep Salem County viable for future generations. Thank you.